

Rural America At A Glance

2015 Edition



Overview

An important indicator of economic recovery is employment. After several years of stagnation, the pace of employment growth in rural areas increased in 2014. Employment gains were significantly higher over the past year compared to previous years in the recovery period, although rural employment remains below pre-recession levels. Rural areas continue to experience population loss, higher poverty rates, and lower educational attainment than urban areas.

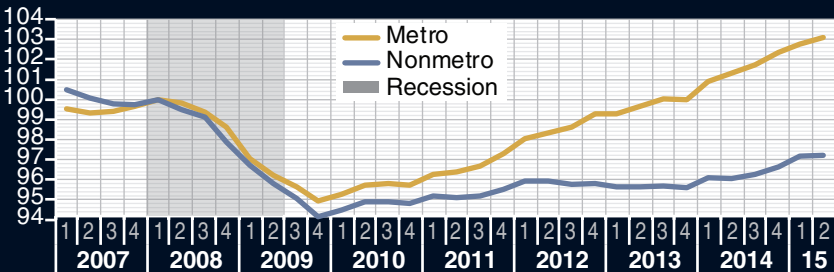
Slow Growth in Rural Employment

Rural employment has started to recover from its recessionary low

Employment grew more than 1 percent in rural areas during the year that ended in the second quarter of 2015.¹ This is a marked improvement from previous years of very slow growth or decline. Nonetheless, rural employment in mid-2015 was still 3.2 percent below its pre-recession peak in 2007. In contrast, urban employment rose nearly 2 percent in the past year, continuing a trend of consistent growth since 2011, and is now well above its pre-recession peak. In both urban and rural areas, employment growth is running slightly ahead of population growth.

Rural employment gains in 2014 and early 2015 after 2 years of stagnation

Employment Index (2008 Q1=100)



Source: USDA, Economic Research Service analysis of Bureau of Labor Statistics, Local Area Unemployment Statistics (LAUS) data, seasonally adjusted. The LAUS program produces employment, unemployment, and labor force data for census regions and divisions, States, counties, metropolitan areas, and many cities, by place of residence.

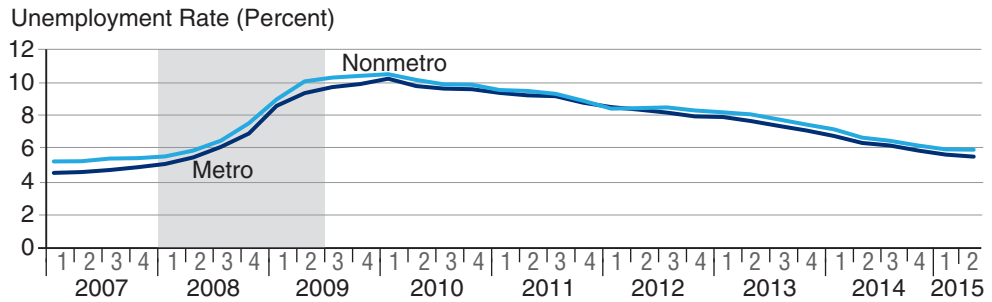
Note: LAUS data from 2007 through 2009 were adjusted to account for revised population growth estimates for that period. National employment was also benchmarked to match the Current Population Survey's research employment series, for all years.

¹ In this report we use the terms "rural" and "nonmetro" and "urban" and "metro" as synonyms. Reported values for rural and urban areas reflect the 2013 Office of Management and Budget (OMB) identification of metro areas except where otherwise indicated.

Rural unemployment continues to decline

The unemployment rate has fallen considerably and fairly consistently in both rural and urban areas over the last 5 years. Unemployment rates fell by a full percentage point or more in each of the last 2 calendar years in both rural and urban areas. The parallel declines in rural and urban unemployment rates reflect the fact that in rural areas population and labor force growth are near zero, while employment is growing slowly, whereas in urban areas, population and labor force growth are positive, and employment growth is higher.

Rural and urban unemployment rates have declined together since the recession



Note: Shaded area indicates recession period as dated by the National Bureau of Economic Research. All results pertain to the population age 16 or older.
Source: USDA, Economic Research Service analysis of Bureau of Labor Statistics, Local Area Unemployment Statistics Data, seasonally adjusted.

The share of adults who are working is lower than pre-recession levels

While urban employment levels have now recovered from the 2007-09 recession, the share of adults who are working (total employment as a share of residents age 16 or older who are not on active military duty or in institutions such as nursing homes or prisons) remains 3 percentage points below its level prior to the recession in both rural and urban areas. Part of the decline in this ratio since 2007 reflects the aging of the population, with a larger proportion of adults advancing into ages where most are retired. But retirement does not fully explain the persistence of low employment rates: the share of the prime working-age adult population (25-54) that is employed also dropped, from 80 percent in the first quarter of 2007 to 75 percent in the first quarter of 2010, before recovering to 77 percent in September 2015.

Population Decline Continues in Rural America

The number of people living in rural counties stood at just over 46 million in 2014—nearly 15 percent of U.S. residents. However, the population of rural America has declined by 116,000 over the last 4 years, with losses of about 30,000 people in each of the last 2 years. While these declines are small, 2010-2014 is the first period of overall population decline on record for rural America as a whole, and stands in stark contrast with the urban population, which continues to grow by more than 2 million per year.

Not all rural areas have experienced population loss in recent years. Some rural counties have seen population growth, with nearly 700 growing rural counties together adding over 400,000 residents between 2010 and 2014. These counties are concentrated in scenic areas such as the Rocky Mountains or southern Appalachia, or in energy boom regions such as in the northern Great Plains. The 1,300 rural counties losing population since 2010 are widespread in regions dependent on farming, manufacturing, or resource extraction.

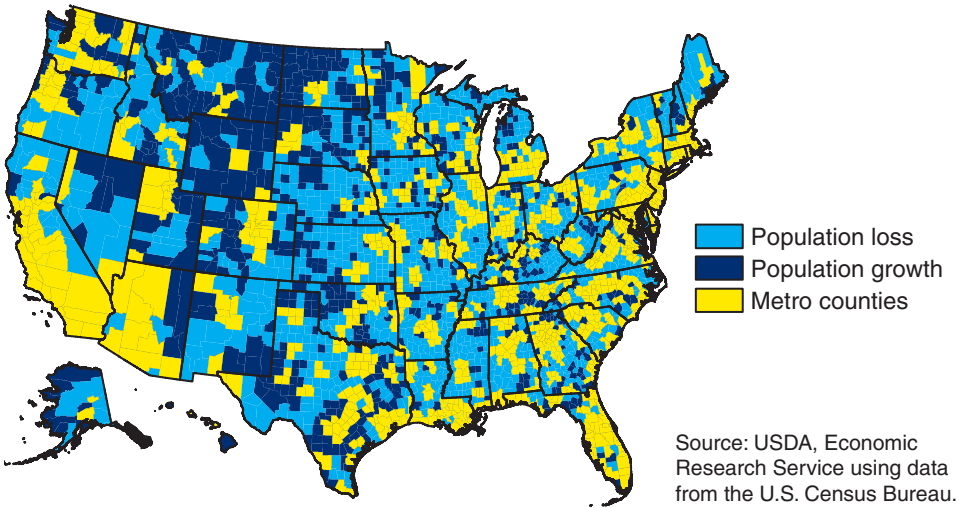
Net outmigration outpaces natural increase in rural counties

County population change includes two major components: natural change and net migration. Since 2010, the increase in rural population from natural change (230,000 more births than deaths) has not matched the loss from net migration (346,000 more people moved out of rural counties than moved in).

Nearly 300 rural counties lost population due to natural change during 2010-14. Such natural decrease results from two separate demographic processes operating over several decades: retiree attraction, which leads to a more elderly population with more deaths and fewer births; and outmigration of young adults of childbearing age who would otherwise contribute to more births. Retiree attraction dominates in Florida, Arizona, and other Sunbelt locations, while outmigration of young adults is more typical of farm-dependent counties in the Great Plains and Corn Belt.

About two of three rural counties lost population between 2010 and 2014

Nonmetro population change, 2010-14



Poverty Remains a Challenge in Rural Areas

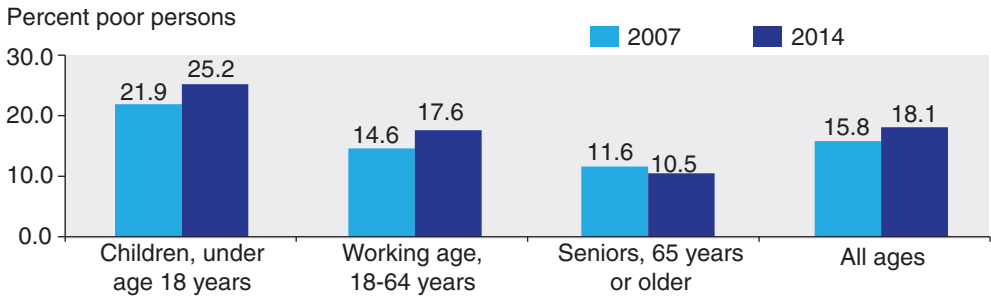
In 2014, the U.S. poverty rate was an estimated 15.5 percent, based on the official poverty measure and the American Community Survey (ACS).² The rural poverty rate in 2014 was an estimated 18.1 percent, while the urban rate was 15.1 percent, both slightly below the previous year. Since the early 1980s, poverty rates in rural America have ranged from 13.4 to 18.4 percent, while the urban rate has ranged from 10.8 to 15.5 percent.³ In rural areas, poverty rates peaked following the recessions of 1980-82 and 2007-09. Recovery from the latter recession has been modest for rural areas overall and stagnant for most rural groups.

Child poverty, including deep poverty, increased the most during and after the recession

Poverty rates for rural children underwent the largest increase during the 2007-09 recession, rising from 21.9 percent in 2007 to 24.2 percent in 2009. (The poverty status of children depends on the income, size, and composition of their families.) Child poverty continued to increase at the start of the recovery and was 25.2 percent in 2014. Poverty for the rural working-age population also increased during the recession and climbed modestly in recovery. Conversely, the poverty rate for rural seniors declined during the recession and has changed little during the recovery.

Children are more likely to be deeply poor—in families with an income below half of the poverty level—than are other age groups. In 2007, 9.6 percent of rural children lived in deep poverty, compared to 6.2 percent for the rural working-age population. These rates had risen to 11.3 percent and 7.8 percent by 2014. Since family size is used in computing the poverty threshold, children in large families are more likely to be in deep poverty (all else equal).

Rural poverty rate highest for children



Source: USDA, Economic Research Service using data from the American Community Survey, 1-year estimates, 2007 and 2014.

² Following Census recommendations, we now use the ACS instead of the Current Population Survey for subnational poverty statistics because of the larger sample size of the ACS. The official poverty rate as measured using ACS reflects households' cash resources.

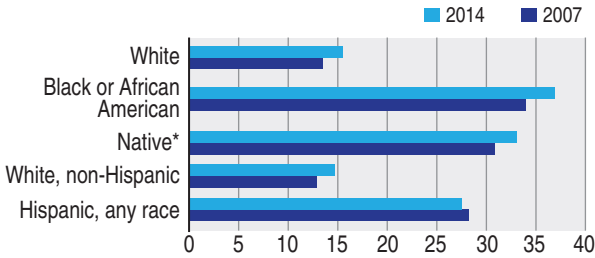
³ Rural and urban poverty statistics in this section for years prior to 2013 reflect the 2003 (or earlier) OMB identification of metro areas.

Rural poverty is highest among minority racial and ethnic groups

All racial and ethnic groups in rural areas saw an increase in poverty rates from 2007 to 2009, but the Hispanic rate increased most (2.4 percentage points), followed by Blacks (1.6 percentage points). However, Hispanics were the only racial/ethnic group in rural areas for which poverty declined during the recovery. Their poverty rate dropped by 3.1 percentage points between 2009 and 2014, resulting in a lower rate in 2014 (27.5 percent) than at the start of the recession (28.2 percent).

Yet these changes were not equally distributed across age groups. The poverty rate of Hispanic seniors increased from 2007 to 2014, but that increase was concentrated in the recovery period. Poverty rates for seniors decreased for all other groups, but fell most for American Indians and Alaskan Natives. Overall, the poverty rate for Black children had the largest increase and was the highest at the start of the recession (45.4 percent in 2007) and during the latest year of the recovery (51.1 percent in 2014).

Rural poverty rates for most racial and ethnic groups remain above pre-recession levels

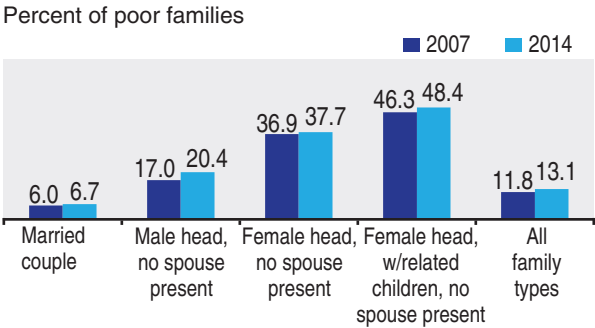


*Native includes American Indian or Alaskan Native race alone.
Source: USDA, Economic Research Service using data from the U.S. Census Bureau, American Community Survey, 1-year estimates, 2007, 2009, 2011, and 2013.

Single-parent families are more likely to be in poverty, especially if headed by a woman

Family type has a significant bearing on poverty. Families headed by two adults are likely to have more sources of income than single-adult families with children and are therefore much less likely to be poor. Likewise, single mothers are more likely to work in low-wage occupations that are among the most vulnerable to instability during periods of economic recession. As such, single female-headed families with children had the highest poverty rate among family types in 2007, and that rate continued to rise during and after the 2007-09 recession. In 2014, nearly 5 out of every 10 rural families headed by a woman with related children and no spouse present were poor.⁴ In contrast, less than 1 in 10 rural married-couple families were poor in 2014.

Poverty rates are highest for female-headed families with no spouse



Note: Poverty status for the rural population, 2007 and 2014.
Source: USDA, Economic Research Service using data from the American Community Survey, 1-year estimates, 2007 and 2014.

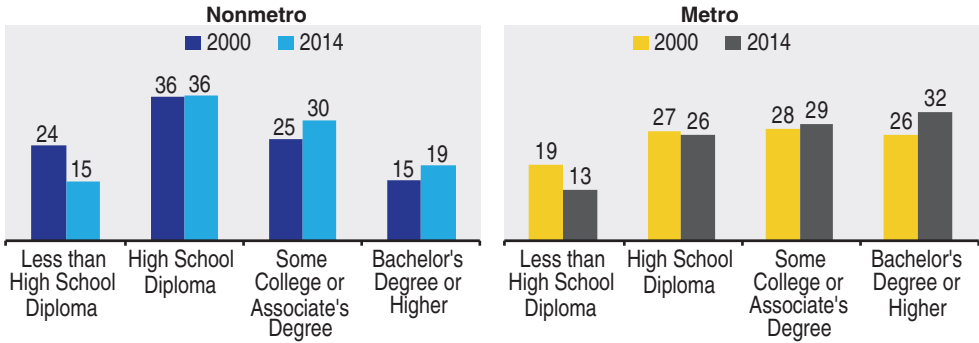
Lower Educational Attainment Is Associated With Unemployment and Poverty

The educational attainment of people living in rural areas has improved markedly over time, with increases in high school completion rates and in the proportion of residents who have completed at least some college. The proportion of rural adults with a 4-year college degree or more increased by 4 percentage points between 2000 and 2014, and the proportion without a high school diploma or equivalent, such as a GED (General Education Diploma), declined by 9 percentage points. However, the share of the adult population with a 4-year college degree remains far lower in rural areas than in urban ones, and this gap has grown over time. In contrast, the proportion of rural adults who have completed at least some college or earned an associate's degree has increased markedly and now exceeds the corresponding proportion for urban areas.

⁴ These figures and those in the chart above reflect the share of families in poverty, rather than the share of the population in poverty. The share of families in poverty tends to be less than the share of the population in poverty.

Educational attainment rates have risen in both rural and urban areas

Percent



Source: USDA, Economic Research Service using data from the Census Bureau 2000 Census and 2014 American Community Survey.

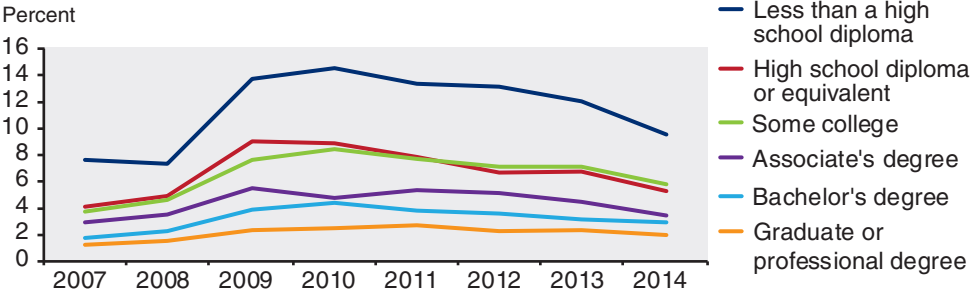
Growth in the urban-rural college completion gap has occurred even for young adults, who are more likely to have completed high school than older cohorts. Between 2000 and 2014, the share of young adults age 25-34 with bachelor’s degrees grew in urban areas from 29 to 35 percent. In rural counties, the college-educated proportion of young adults rose from 15 to 19 percent.

Unemployment remains highest for those with the least education

Among all rural residents, unemployment rates are much lower for those with more educational attainment, partly as a result of increasing demand for more highly skilled labor. In 2010, the unemployment rate for rural adults age 25 and older without a high school diploma peaked at 15 percent, compared with 4 percent for those with bachelor’s degrees and 3 percent for those with graduate degrees. Since then, rural unemployment rates have declined across all educational attainment categories, but remain much lower for those with more educational attainment.

Unemployment rates for least educated adults are higher and grew more during the recession

Unemployment rates for nonmetro adults 25 and older by educational attainment, 2007-14



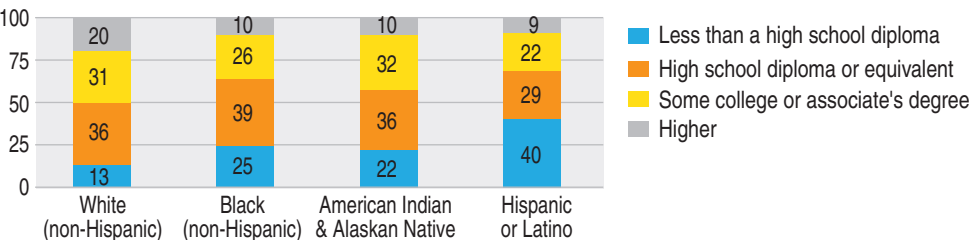
Notes: Data for 2007-13 reflect the 2003 Office of Management and Budget (OMB) definition of nonmetro counties, while the 2014 results are based on the 2013 OMB definition.
Source: USDA, Economic Research Service using data from U.S. Census Bureau, Current Population Surveys, 2007-14.

Educational attainment rates are lower for rural minorities

Minority populations in rural areas have significantly lower levels of educational attainment. About a quarter of adults age 25 and over in the rural Black and Native American/Alaskan Native

Educational attainment levels are lower for Blacks, Hispanics, and Native Americans than for Whites in 2014

Percent



Notes: Educational attainment for the rural population age 25 and older who indicate only one race or ethnicity, 2014.
Source: USDA, Economic Research Service using data from the Census Bureau’s 2014 American Community Survey.

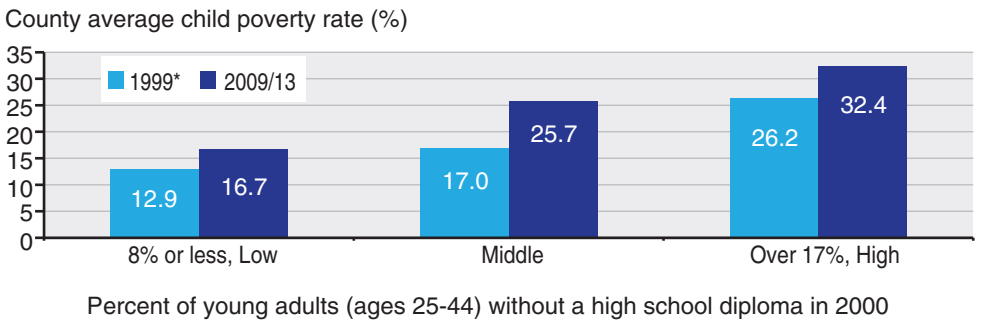
population, and 40 percent of rural Hispanics, have not completed high school or obtained a GED. These shares are considerably higher than for rural non-Hispanic Whites. Lower attainment levels for ethnic minorities may both reflect and contribute to high rates of poverty, as poverty in childhood is highly correlated with lower academic success and graduation rates, while educational attainment is strongly associated with earnings in adulthood.

Child poverty rates are higher in counties with lower educational attainment and growing over time

Children of parents without a high school diploma are much more likely to be poor, since adults with limited education are more likely to be unemployed and to have lower earnings if employed than more highly educated adults. Hence, child poverty rates are much higher in rural counties where many adults have low levels of educational attainment. Child poverty rates grew between 1999 and 2009-13 overall, and child poverty rates in rural counties with a moderate or high share of young adults (ages 25-44) without a high school diploma saw greater increases in child poverty than rural counties with low shares of young adults without a high school diploma.

Rural child poverty rates are higher in counties with more high school dropouts

Rural child poverty rate by educational attainment categories of county



*Poverty and education data are from 2000 Census.
Sources: USDA, Economic Research Service based on 2000 Census of Population and 2009/13 averages from American Community Survey.

Improvements in rural educational attainment since 2000 have facilitated a decline in overall rural poverty and rural child poverty. However, other factors—including the recession and an increase in single-parent families—have had the opposite effect. The net result has been an increase in rural child poverty, particularly since 2007. Even after the recession ended, rural child poverty rates continued to increase due to falling average incomes—especially among families with children living near the poverty line—as well as changes in family structure. ERS researchers are seeking to disentangle the relative impacts of different factors on rural child poverty.

Data sources

American Community Survey, Census Bureau, U.S. Department of Commerce.
Current Population Survey, Bureau of Labor Statistics, U.S. Department of Labor.
Local Area Unemployment Statistics, Bureau of Labor Statistics, U.S. Department of Labor.
Population Estimates, Census Bureau, U.S. Department of Commerce.

Definitions and additional information

For more on the 2003 and 2013 definitions of metropolitan and nonmetropolitan areas as well as related concepts such as urbanized areas and central counties, see <http://www.ers.usda.gov/topics/rural-economy-population/rural-classifications/what-is-rural.aspx>

ERS Website and Contact Person

Information on rural America can be found on the ERS website at www.ers.usda.gov/emphases/rural/. For more information, contact **Lorin D. Kusmin** at lkusmin@ers.usda.gov or (202) 694-5429.

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